

# School Finance in Utah New Business Administrator Training March 27, 2012

Utah State Office of Education  
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# **Minimum School Program**

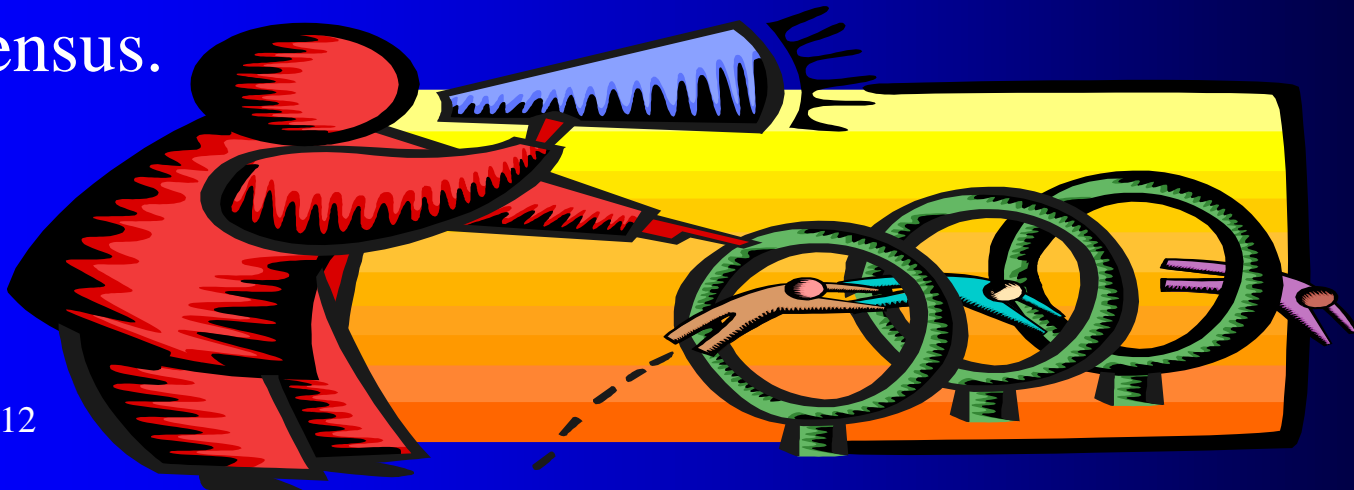
**The Minimum School Program (MSP) was created by the 1931 Legislature to meet its constitutional mandate to provide a public education system open to all children in the state**

# Minimum School Program

At the time called:

**“The Five Dollar Equalization Fund”**

The constitutional amendments of 1930 included the addition of a “school district equalization fund” equal to \$5 for each person of school age as shown by the last school census.



# Minimum School Program

School districts participating in the “minimum uniform educational program” were required to provide, at a minimum:

- ➡ A school term of 9 months
- ➡ Employment of legally certified teachers
- ➡ Transportation of pupils beyond 2½ miles from school
- ➡ Strengthened general supervision
- ➡ Additional educational supplies and equipment
- ➡ Provision for health inspection and instruction



# Utah Constitution

## Article X

- The Legislature shall provide for the establishment and maintenance of the state's education systems including:
  - A public education system, which shall be open to all children of the state; and
  - A higher education system.
- Both systems shall be free from sectarian control.

# Minimum School Program

## Minimum School Program Act Title 53A Chapter 17a



# 53A-17a-102

## Purpose of MSP

- The purpose of this chapter is to provide a minimum school program for the state in accordance with the constitutional mandate. It recognizes that all children of the state are entitled to reasonably equal educational opportunities regardless of their place of residence in the state and of the economic situation of their respective school districts or other agencies.

# 53A-17a-102

## Purpose of MSP

- It further recognizes that although the establishment of an educational system is primarily a state function, school districts should be required to participate on a partnership basis in the payment of a reasonable portion of the cost of a minimum program.



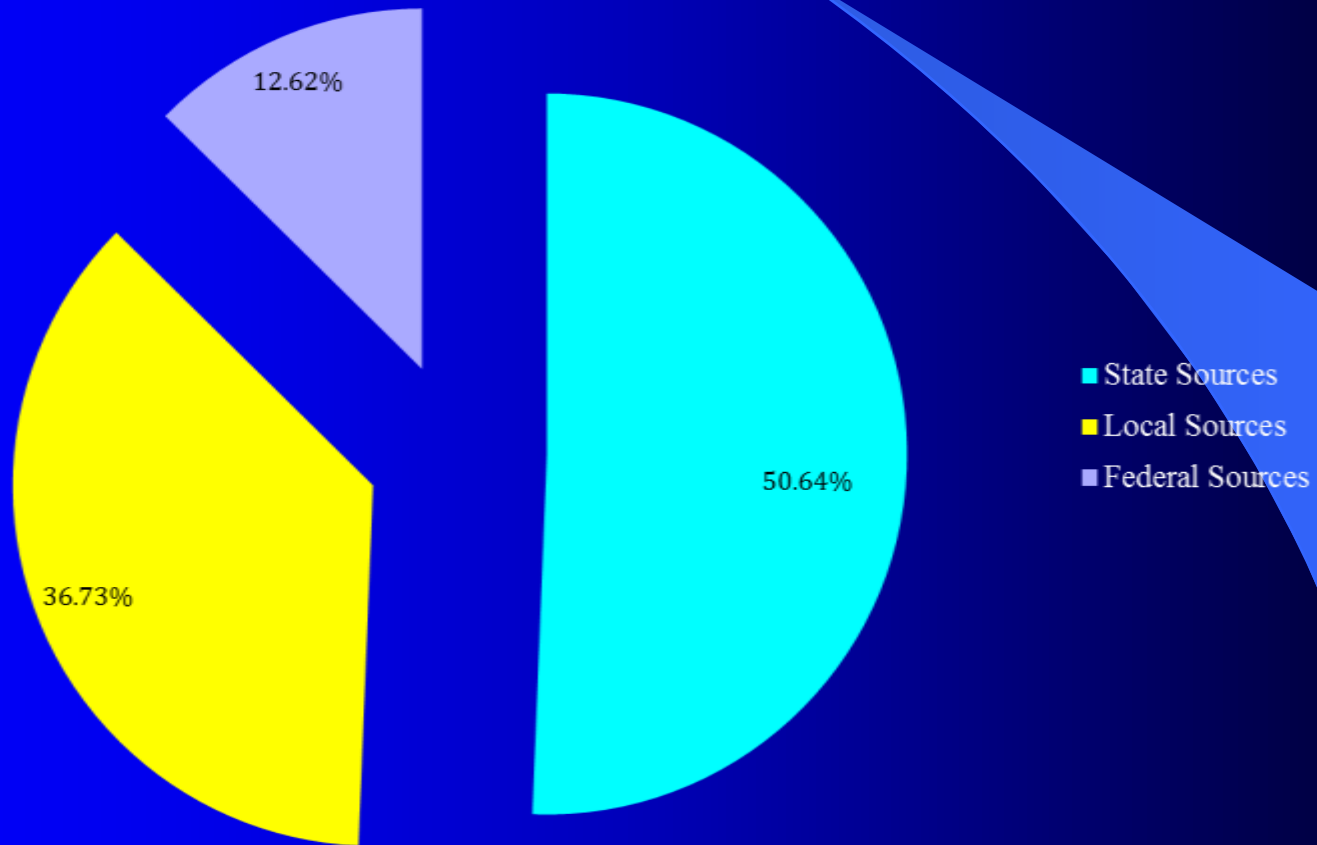
# 53A-17a-102

## Purpose of MSP

- It is also the purpose of this chapter to describe the manner in which the state and the school districts shall pay their respective share of the costs of a minimum program. This chapter also recognizes that each locality should be empowered to provide educational facilities and opportunities beyond the minimum program and accordingly provide a method whereby that latitude of action is permitted and encouraged.

# Sources of Funding

## FY2010-2011



# Weighted Pupil Units

- Funds for Utah's Regular Basic School Programs are distributed to public school districts on the basis of Weighted Pupil Units (WPU). WPUs are calculated using the average daily membership (ADM) and growth (year over year fall enrollment growth). One student in ADM in grade 1 for 810 hours or grades 2-12 for 990 hours of instruction per school year is equivalent to one WPU.

# Equalized/State Guaranteed Programs

- Utah has, so far, avoided equity of school funding litigation. The maintenance and operation portions of the minimum school program are very equalized. By guaranteeing certain fund level generations in Voted and Board Leeway programs, and in the Capital Outlay Foundation program, some major steps toward equalization of funding have been taken.

# Vertical Equity

- WPU has been used to distribute funds between LEAs
- State formulas for the basic portion of state funding is based upon a basic WPU for each student registered as ADM.

# Horizontal Equity

- Achieved through program funding, much of which is based upon formulas to deliver WPU's to LEAs such as Special Education, CTE, and other state programs.

# WPU Value

- The value of the WPU is set each year by the legislature. The value of one WPU has been set at \$2,842 for the FY 2012-13 school year – with the exception of:
  - Special Education Add-on - \$2,607
  - Career and Technical Education - \$2,607

# Weighted Pupil Units

- WPU for all charter school students are prorated as follows:
  - .9 for Grades 1-6
  - .99 for Grades 7-8
  - 1.2 Grades 9-12



# WPU Based Programs

- Basic School Programs
- Restricted Basic School Programs

*Having the above programs funded on a WPU basis automatically provides for growth and a cost of living increase. Many of the determining factors are decided in advance and require very little legislative discussion.*

# Minimum School Program

## LINE ITEMS

### Definitions and Justification

# Regular Basic School Programs

- The money generated in these programs can be used for maintenance and operation expenses as determined by the school district.
  - Kindergarten
  - Grades 1-12
  - Necessarily Existent Small Schools
  - Professional Staff
  - Administrative Costs

# Kindergarten

- One student in ADM in kindergarten for 450 hours of instruction per school year earns 0.55 of one WPU. The kindergarten program is a half-day program and is optional.

# Grades 1 - 12

- One student in ADM in grade 1 for 810 hours or grades 2-12 for 990 hours of instruction per school year earns one WPU.

# Necessarily Existent Small Schools

- Additional WPU's are generated for small schools classified as necessarily existent. These WPU's are determined by regression formulas dependent upon ADM per school.
  - UCA 53A-17a-109
  - Administrative Rule R277-445

# Professional Staff

- Under the professional staff cost formula, additional WPU's are allowed for licensed staff training and experience. In recognizing this cost differential, the state provides funds to help school districts offset higher costs for better trained and more experienced staff. The professional staff cost formula is based on an index recognizing training and experience and is not equated to a district's salary schedule.

# Professional Staff

- UCA 53A-17a-107
- Administrative Rule R277-486
- Allowable costs:
  - Signing bonus
  - Retention bonus
  - Advertising



# Administrative Costs School Districts

- Administrative WPU's are computed and distributed on a formula that recognizes efficiencies large districts can achieve that small districts cannot achieve.
- FY2012-2013:
  - 1 – 500 students 95 WPU's
  - 501 – 1,000 students 80 WPU's
  - 1,001 – 2,000 students 70 WPU's
  - 2,001 – 5,000 students 60 WPU's

# Administrative Costs Charter Schools

- \$100 per student
- UCA 53A-17a-108

# Restricted Basic School Programs

- The funds generated in these programs are categorical funds and must be expended on the program for which they are allocated.
  - Special Education Add-on
  - Special Education Self-contained
  - Special Education Preschool
  - Extended Year for Severely Disabled
  - Special Education – State Programs
  - CTE Add-on
  - Class Size Reduction (K-8)

# Special Education ---- Regular Program

- This program has two elements. The first, called the WPU add-on, provides 1.53 additional WPUs for each student with disabilities enrolled in regular programs. Each of these students also generates a regular WPU.
- The second element provides WPUs for students who are in self-contained settings for 180 minutes or more each day.

# Special Education ---- Regular Program

- UCA 53A-17a-111
- UCA 53A-15-301
- Administrative Rule R277-750

# Special Education Self Contained

- UCA 53A-17a-111
- Administrative Rule R277-750

# Special Education ---- Preschool

- The legislature appropriates funds for the preschool special education program for districts to provide a free, appropriate public education for disabled preschool children, ages three through five.
- The legislature has decreed that a formula shall be developed to fund preschool special education based on the previous year December 1 count and actual costs of the program.

# Special Education ---- Preschool

- UCA 53A-17a-112
- Administrative Rule R277-504
- Administrative Rule R277-750



# Extended Year Program for Severely Disabled

- The extended school year for the severely disabled is limited to students with severe disabilities with education program goals identifying significant regression and recoupment due to the disabilities.
- UCA 53A-17a-112
- Administrative Rule R277-750
- Administrative Rule R277-751

# Special Education ---- State Programs

- The legislature appropriates funds, on a grant basis, to districts for special education students that require extraordinarily expensive program services.
- UCA 53A-17a-112
- Administrative Rule R277-750
- 909 WPU's for Extended Year for Special Educators

# Special Education State Programs

- Extended Year for Special Educators
  - In recognition of the added duties and responsibilities assumed by special educators and the need to attract and retain qualified special educators
    - UCA 53A-17a-158
    - Administrative Rule R277-751

# Career and Technology Education: Add-on

- WPU's are generated to pay the added instructional costs of approved applied technology education programs. Part of the funds are used to fund approved CTE programs based on performance measures such as placement and competency attainment. The comprehensive guidance, CTE Intro, and Work-Based Learning programs are now a part of this funding.

# Career and Technology Education: Add-on

- UCA 53A-17a-113
- Administrative Rule R277-911
- Administrative Rule R277-914
- Allowable costs include:
  - Supplies
  - Texts
  - Personnel

# Comprehensive Guidance

- These funds are to provide guidance curriculum and an individualized Student Educational/Occupational Program (SEOP) for each student at the secondary school level. Qualifications for participation include a guarantee that 80% of the counselors' time will be spent on direct services to students.
- Administrative Rule R277-462

# Class Size Reduction

## UCA 53A-17a-124.5

- Each district shall use 50% of its allocation to reduce class size in any one or all of grades K through eight, with an emphasis on improving reading skills.
- If a district's average class size is below 18 in grades K through grade eight , it may petition the state board for permission to use the funds to reduce class size in other grades. A district may use 20% of its allocation for capital facilities projects if such projects would help reduce class size.

# RELATED TO BASIC PROGRAMS

- Each of these appropriations are for specific purposes, but are not funded on a WPU basis. Some appropriation amounts are computed using WPU generations from the previous programs.



# Pupil Transportation to and from school

- Pupil transportation funding provides for transporting elementary students in Utah who live 1 1/2 miles or more and secondary students living 2 miles or more from school. State aid for pupil transportation to and from school is determined by a formula that includes:

# Pupil Transportation to and from school

- An allowance per mile for approved bus routes;
  - An allowance per hour for approved bus routes; and
  - A minimum allocation for each school district eligible for transportation.
- UCA 53A-17a-126
  - UCA 53A-17a-127
  - Administrative Rule R277-600
  - Administrative Rule R277-601

# Transportation Levy Guarantee

- School districts need to expend an amount of revenue equal to at least 0.0002 per dollar of taxable value of the school district's Board Local Levy
  - The State may contribute an amount not to exceed 85% of the state average cost per mile.
  - To pay for transporting students and for the replacement of school buses.

# Flexible Allocation WPU Distribution

- Distributed on the basis of the number of weighted pupil units in an LEA compared to the total number of weighted pupil units.

# Special Populations

- Enhancement for At-Risk Students
- Improve academic achievement of students who are at risk of academic failure.
- Formula based on:
  - Low performance on U-PASS tests
  - Poverty
  - Mobility
  - Limited English proficiency

# Youth in Custody

- This allocation provides funds for educational programs offered to youth who are in the custody of the State. The goal of these programs is to strengthen each youth for successful release, not custody.
- Administrative Rule R277-709

# Gang Prevention

- \$1.2 million appropriated for gang prevention programs at the school and district levels.
- UCA 53A-15-603
- Administrative Rule R277-436

# Special Populations

- Enhancement for Accelerated Students
- Enhance the academic growth of students whose academic achievement is accelerated
- Funded for:
  - Gifted and Talented
  - Advanced Placement
  - International Baccalaureate (\$100,000)



# Special Populations

- Concurrent Enrollment
  - To allow students, particularly during their senior year, to earn high school and college credit at the same time.
  - UCA 53A-15-101
  - Administrative Rule R277-713

# Special Populations Adult Education Programs

- The High School Completion program provides funds to districts that provide educational opportunities for students 18 and over who have not obtained a high school diploma or its equivalent and intend to graduate from high school, with particular emphasis on homeless individuals who are seeking literacy and life skills.

# Special Populations Adult Education Programs

- UCA 53A-15-401, 402, 403, 404, 405
- UCA 53A-17a-119
- Administrative Rule R277-733

# Special Populations

## Adult Education Programs

(continued)

- The Basic Skills program provides instruction for adults whose inability to compute or speak, read, or write the English language above the ninth grade level substantially impairs their ability to find or retain employment commensurate with their real abilities.

# OTHER PROGRAMS

# School LAND Trust Account

- This is generated from interest and dividends from the State School Trust Fund and is used to enhance or improve academic excellence in schools. Funds are allocated to the district but are earmarked by school.
- UCA 53A-17a-131.17
- Administrative Rule R277-477

# Charter School Funding

- In Lieu of Local Funding
  - \$77,868,900 allocated for FY2012-13
- Administrative Costs
  - \$100 per student

# Other Programs

- K-3 Reading Achievement
  - UCA 53A-17a-150, 151
  - Administrative Rule R277-422



# Other MSP Funding

- Educator Salary Adjustments
  - In recognition of the need to attract and retain highly skilled and dedicated educators, the Legislature shall annually appropriate money for educator salary adjustments, subject to future budget restraints.
    - UCA 53A-17a-153
    - Administrative Rule R277-110

# Other MSP Funding

- Teacher Salary Supplemental (DHRM)
  - Annual salary supplement of \$4,100 for an eligible teacher who:
    - Is assigned to teach:
      - Integrated science
      - Chemistry
      - Physics
      - Physical therapy
      - General science

# Other Programs

- Library Books and Electronic Resources
- Funding:
  - 25% equally among all public schools
  - 75% among public schools based on each school's ADM as compared to the total ADM.

# Other Programs

- School Nurses
- Funding:
  - Based on an LEAs fall enrollment as compared to total enrollment of those applying for funds
  - Matching funds

# Other MSP Funding

- Critical Languages
  - UCA 53A-15-104
  - Administrative Rule R277-488
  - Those described in the federal National Security Language Initiative, including:
    - Chinese, Arabic, Russian, Farsi, Hindi, and Korean

# Other MSP Funding

- USTAR Centers
  - (UCA 53A-17a-159)
  - Administrative Rule R277-494
  - Increased compensation for math and science teachers
  - Increased capacity of school buildings
  - Decrease class sizes
  - Opportunities for earlier high school graduation
  - Improved student college preparation
  - Increased opportunities to offer additional remedial and advanced courses in math and science
  - Opportunities to coordinate high school and post-secondary math and science education; and
  - The creation or improvement of science, technology, engineering, and math centers.

# Other MSP Funding

- Paraeducator Funding (New for FY 2012-2013)
  - Means a school employee who delivers instruction under the direct supervision of a teacher
  - Who has earned a secondary school diploma or recognized equivalent
    - Completed at least two years at an accredited higher education institution.
    - Obtained an associates or higher degree from an accredited higher education institution; or
    - Satisfied a rigorous state or local assessment about the individual's knowledge of, and ability to assist in instructing students in reading, writing, and math; and
    - Received professional development that is intensive and focused and covers curriculum, instruction, assessment, classroom, and behavior management, and training.

# One-time Funding

- The legislature also funds items on a one-time basis each year. These, of course, vary according to the desire of the legislature. Among such programs, teacher supplies and materials has been consistently funded for several years. Examples of other programs are library media, CTE equipment, ETI and funds to compensate charter schools for withheld local levy proceeds.



# One-time Funding FY12-13

- Classroom Supplies and Materials
  - \$5,000,000
  - SB 2, Section 4, lines 229-254
  - Administrative Rule R277-459
- Beverley Taylor Sorenson Arts Learning Program - \$2,000,000
- Early Intervention Program - \$10,000,000
- Dual Immersion - \$800,000

# LOCAL TAXES

- A school district can levy up to SIX different property tax rates

# LOCAL TAXES

- Basic rate: 0.001665
- Voted Local Levy: up to 0.001600
- Board Local Levy:
  - either 0.001800/0.002500

# LOCAL TAXES

- Debt Service: has no ceiling, but enough to cover general obligation bond principal and interest debt payment annually
- Judgment Recovery: up to the rate required to fund a property tax judgment
- Capital Local Levy: up to 0.003000

# CERTIFIED TAX RATE

- The certified tax rate is the rate that is determined by the State Tax Commission that derives the same dollar amount that taxing entities budgeted plus new growth. All tax rates are included except Basic Levy (legislature), Debt Service (for debt), and judgment recovery (zeroed out every year).

# VOTED AND BOARD LOCAL LEVY PROGRAMS

- These leeway programs receive state support for districts with low assessed valuation per pupil ratios to provide an incentive for the local districts to seek additional funds and to add to their educational programs.

# Voted Local Levy

- Voters can approve a special levy up to 0.00200 (including their Board Local Levy). There is a state guarantee on the first 0.002000. The guarantee is tied to the value of the WPU and increases as the WPU increases. The guarantee multiplier of the WPU also increases by 0.0005 each year from 0.010544.

# Board Local Levy

- Action by a local school board can enact a levy of up to either 0.001800 or 0.002500. This levy has a state guarantee of the first 0.000400.
- Fund the school district's general fund.



# Local Levies for M & O

- ❑ Estimated State-wide Basic Levy (0.001665 for 2012-13)
- ❑ Voted Local Levy (maximum of 0.001600)
- ❑ Board Local Levy (either 0.001800 or 0.002500)
- ❑ Judgment Recovery is to repay taxes paid under protest and later proved to be unlawfully collected; must be set prior to paying refund)

# Local Levies for Capital Outlay and Debt Service

- ❑ Capital Local Levy (maximum 0.003000 to fund the school district's capital projects)
- ❑ General Obligation Bond Debt Service (districts must levy whatever tax rate is necessary to meet debt service)

# Certified Rates

- ❑ The "certified tax rate" means a tax rate that will provide the same ad valorem property tax revenue for each taxing entity as was budgeted for the prior year by that taxing entity excluding new growth, and collections from redemptions, interest, and penalties.
- ❑ Exclusions include Debt Service voted on by the public, and the statewide Basic Rate levy.

# Truth in Taxation

- ❑ Requires that the local district board comply with the Tax Increase Disclosure Act. This requires the local entity to advertise its intent (public notice) to exceed the certified tax rate and hold a meeting with the intent of hearing comments regarding any proposed increase and to explain the reasons for the proposed increase.

# Truth in Taxation

## ☐ CONTACT USTC

- ☐ Lamar Sayer (297-3617); or
- ☐ Jennifer Condie (297-3636)

# CAPITAL OUTLAY PROGRAMS

- Two programs are funded to assist school districts that have building, renovation or capital outlay bonding difficulties because of a low assessed valuation per pupil.

# Capital Outlay Foundation Program

- The state uses a legislative appropriation for a minimum generation guarantee per student in average daily membership, called the Capital Foundation.
- The 2012-13 amount to be distributed in the Foundation Program is \$12,610,900.

# Enrollment Growth Program

- A school district that has an three year average annual net enrollment increase; and
- Has a property tax base per ADM in the second prior year that is less than two times the statewide average property tax base per ADM in the year two years prior.
- FY2012-13: \$1,888,800



# Capital Loan Program

- \$10,000,000 is available to provide short-term loans to districts to meet district needs for school building construction and renovation. These monies are to be used only for school district capital outlay and debt service purposes.

# GREAT RESOURCES

- MSP Books
- Web Page
  - [www.schools.utah.gov/finance](http://www.schools.utah.gov/finance)

# QUESTIONS/COMMENTS

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